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October 15, 2014

Stuart Altman, Ph.D
Chair, Health Policy Commission
Two Boylston St, 6th floor
Boston, MA 02111

Via Electronic Mail to HPC-Testimony@state.ma.us

Dear Dr. Altman:
SEIU Local 509, the Massachusetts Human Service Workers Union, thanks you for chairing the recent Commission hearings on health cost trends in Massachusetts and provides the following written testimony:

SEIU Local 509 represents more than 17,000 human service workers and educators throughout Massachusetts. Our interest in health care cost trends and health system reform is directly related to the multiple roles we and our members play in relation to that system. Many of our members work as providers of mental health care in a variety of public and private settings, including CliniciansUNITED, a multidisciplinary group of independent mental health clinicians who have recently affiliated with Local 509. Other Local 509 members provide educational and social services to at-risk children, elders and people with developmental disabilities who are more likely to have special health care needs and to be affected by changes in the health delivery system. These members, the agencies that employ them and the people they serve are also affected when pressure on the state budget from rising health costs leads to insufficient funding for human services programs.

Finally, whether they are state employees covered through the GIC or receive coverage from a private agency employer, our members—just like most other workers in the Commonwealth—have felt the effects of cost growth on their economic well-being, in the form of pressure on wages and increased cost-sharing under redesigned health plans. Although health cost growth has slowed recently, it is not clear that this trend will continue and issues of quality and access need to be addressed. We appreciate the enormity of the task the Commission has taken on as it guides delivery and payment reforms across the state, and we look forward to working with you, both generally and in our role as a member of the Behavioral Health Task Force created in the FY 2015 state budget. Our remarks will focus on the subject of behavioral health coordination, the topic of one of Tuesday's panels.

- SEIU supports the goal of better coordination of behavioral and physical health. Studies have demonstrated that people diagnosed with a mental illness are likely to incur higher overall health costs and experience worse physical health outcomes, including earlier deaths. Coordinating services across behavioral and physical health providers is one step towards controlling costs and, more importantly, improving the quality of care for people with mental illness. Better coordination of behavioral and physical health services could be achieved under a number of payment and

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delivery models, such as medical homes, accountable care organizations, and the existing model of independent practitioners. But no matter what the model, barriers to real integration of care, such as low payment rates, lack of communications infrastructure, and a dearth of appropriate metrics by which to judge quality of care must be addressed. Moreover, independent clinicians and other mental health professionals who are on the front lines in providing mental health services must have a voice and role in the design of integrated systems.

- The annual report on cost trends and the performance of the Massachusetts health system released last month by the Center for Health Information and Analysis provides valuable information on total health expenditures, payer mix, and other issues, but it does not look at cost growth by type of service. In fact, national data suggest that growth trends for behavioral health spending have been modest in recent decades, in contrast to more rapid growth for medical spending. Slower growth of behavioral health costs is likely the result of multiple factors, such as a different payer mix, disparities in coverage levels that existed before implementation of mental health parity requirements, and the existence of payment arrangements that created incentives for behavioral health managed care plans to limit the use of in- and out-patient mental health services and shift costs to prescription drugs. [1] If these national trends held true in Massachusetts, it would suggest that cost growth is not the primary issue when it comes to behavioral health spending. More data on costs, access to care and unmet need, and the impact of managed care on quality and costs is necessary to facilitate meaningful integration of behavioral health services, as a number of speakers noted at the hearing.

- SEIU members have firsthand experience of the effects of low or non-existent spending growth for behavioral health services. Low Medicaid rates for community-based mental health clinics and other agencies where our members work have threatened the long-term viability of these agencies, and led to closure of clinics and reduced service capacity. Our members are faced daily with the need to address significant psychiatric issues that have life and death implications, while receiving compensation that is often below the state median income. Meanwhile, rates paid by commercial insurers, Medicare and Medicaid managed care companies to clinicians in private practice have failed to keep pace with the cost of living. In addition to low rates, reimbursement rate structures

[1]Trends in Mental Health Cost Growth: An Expanded Role for Management? Richard G. Frank, Howard H. Goldman, and Thomas G. McGuire. Health Affairs, Volume 28, Number 3, 2009 (649-659).

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and administrative policies (for instance failure to compensate behavioral health providers for the necessary time spent communicating critical information with other providers) create barriers to full integration of care.

- The practice—which appears prevalent in Massachusetts—of carving out behavioral health services from a health plan, or allowing health plans to subcontract behavioral health services to a separate behavioral health entity with little accountability or transparency about the payment arrangements creates further barriers to full integration of behavioral and physical health. It is somewhat ironic that the CHIA report refers to a concentration of non-profit payers and providers as a characteristic of the Massachusetts health market. In fact, while this is true of primary health plans, the major behavioral managed health plans operating in the state tend to be national, for-profit companies. Recently two of these plans, Beacon Health Strategies and ValueOptions (the parent of the Massachusetts Behavioral Health Partnership) announced plans to merge. The new, privately held, and for-profit company will manage behavioral health care for 43 million individuals across the U.S. and U.K., including a large majority of MassHealth and GIC members here in Massachusetts. There needs to be careful thought and attention to the role and functioning of separate behavioral health management companies in an integrated system, and this is especially true in the case of companies whose goal is to make a profit. At a minimum, the Commission should require more transparency around payment arrangements of these companies and collection of data that allows analysis of network adequacy and other issues (such as medical necessity determinations, and continuity of care) that may impact the quality of care for patients or prevent full integration of behavioral and other health services.

Thank you and the Health Policy Commission for your work and for the opportunity to provide this testimony.

Sincerely,
Susan Tousignant
President, SEIU Local 509